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OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
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LOWER EGG EXPORTS FROM CANADA IN 1950 1/

Exports of eggs from Canada in 1950 will be much lower than in recent years, notwithstanding a sudden spurt in shipments into the United States in January. Shipments to the United States jumped sharply in late December 1949 and increased to a peak exceeding 300,000 dozens weekly by the middle of January. This movement is attributed to a heavy seasonal production in Canada and to the announcement in mid-December that the United Kingdom-Canadian egg contract was not to be renewed in 1950. A resultant sharp break in Canadian prices pulled the level there below that in the United States and encouraged shipments across the border.

Canadian egg prices quickly reversed their downward trend and immediately rose from 5 to 7 cents per dozen following the announcement on January 26, 1950 by the Canadian Government of a storage program for eggs. Under the plan the Canadian Agricultural Price Support Board is committed to buy, at the termination of the storage period, late in 1950, all eggs then unsold which had been stored according to Board specifications during the period January to early June of the year. The Board would purchase any unsold eggs for 38 cents per dozen, Grade A Large plus a stipulated allowance to cover costs. It is estimated that the government would pay about 4 cents a dozen storage costs.

Supplies to be lower for the year

Canadian egg production has declined continuously since the peak output in 1947 and production in 1950 will show a further drop. Net production in 1947 was 407,376,000 dozens and preliminary estimates place the 1950 output at 315,000,000 dozens, a drop of 23 percent. (This output in 1950 is less than 7 percent of the expected 1950 United States production of eggs.)

1/ Based on a report by Philip C. Habib, Assistant Agricultural Attache, American Embassy, Ottawa, Canada.

Background information for previous years is available in FPE 3-49, December 1, 1949.

There were 8 percent fewer layers in Canadian flocks in December 1949 and greater than seasonal culling is believed to have occurred following the sharp break in prices in late December.

Although the complete withdrawal of the United Kingdom from the Canadian market will result in some eggs moving to other destinations, including the United States, the quantity will be small in relation to total exports from Canada in recent years. Net exports from Canada in 1950 are not expected to exceed 8 million dozens. This is indicated by the following supply and distribution table.

Canadian Egg Supply and Distribution,
1948, 1949 and 1950

Item	1948	1949	1950 3/
	1,000 dozens	1,000 dozens	1,000 dozens
Stocks, January 1	12,660	8,370	4,410
Production, Jan.-Dec.	388,579	330,374	315,000
Imports - Est. 1/	28	2/ 223	23
Total supply	401,267	338,967	319,433
Exports 1/	81,230	42,674	8,000
Stocks, Dec. 31 3/	8,370	4,410	11,000
Used for hatching Jan.-Dec.	10,612	10,332	10,000
Domestic consumption	301,055	281,551	290,433

1/ Dried eggs and frozen eggs converted to fresh by use of following conversion factors:
1 pound dried = 2.926 dozen fresh
1 pound frozen= .779 dozen fresh
2/ Largely dried eggs shipped from U. S. in Nov. and Dec.
3/ Estimated preliminary figures from official sources.

The table indicates that there may be available for domestic consumption approximately 290 million dozen eggs. It will be recalled that domestic consumption in 1949 was approximately 282 million dozen. With lower prices there is reason to expect that Canadians will eat more eggs so the 290 million dozen estimate is not out of line.

This all boils down to the expectation that the government support program will not leave an embarrassing surplus to be bought out of storage. This is precisely what the government and poultry officials expect. Government officials point to four factors in support of this contention: (1) Reduction in total production, particularly in the latter part of the year; (2) Increased domestic consumption, particularly effective during the short supply period when storage eggs will be

available; (3) The presence of some export market, although admittedly much below previous levels; (4) A return to a storage reserve position, which always characterized the Canadian poultry position before the war.

The current marketing situation and outlook for poultry meat also was stabilized by the egg support program. There has been flock liquidation, but not to the extent feared. The continuation of flock adjustment to new conditions and the smaller expected hatch will undoubtedly result in an increase in current marketings and a decrease in later marketings.

Trends in weekly shipments to the United States

The following preliminary Canadian trade figures give the weekly movement to the United States:

Week ending:	Eggs - Dozens
December 17	4,800
" 24	40,980
" 31	134,430
January 7	184,620
" 14	331,050
" 21	301,230
" 28	195,000
February 4	38,850

It is noted that a decrease in egg exports followed the announcement on January 26 of the egg storage program by the Canadian Government.

CANADA: Egg supply, distribution and consumption, average 1935-39, 1943-45, annual 1946-50

Year	Supply				Distribution			Consumption	
	Net production 1/	Beginning stocks	Imports	Total supply	Ending stocks	Exports	Used for hatching	Domestic consumption	Per capita consumption
	1,000 dozens	1,000 dozens	1,000 dozens	1,000 dozens	1,000 dozens	1,000 dozens	1,000 dozens	1,000 dozens	Dozen
1935-39	238,621	8,844	291	247,756	9,942	7,223			
1943-45	325,286	14,079	149	339,514	14,313	70,683			
1946	344,337	16,068	44	360,449	8,677	61,347			
1947	407,376	10,277	23	417,676	14,266	86,150	14,742	302,518	24.04
1948	388,579	14,266	27	402,872	9,992	81,238	10,090	301,552	23.50
1949*	330,374	8,370	2/ 223	338,374	4,410	42,674	10,332	281,551	20.86
1950*	315,000	4,410	23	319,433	11,000	8,000	10,000	290,433	21.51

1/ Includes non-farm production but excludes loss. 2/ Largely dried eggs shipped from the U. S. in November and December.

*Unofficial estimates, February 9, 1950.

Source: Dominion Bureau of Statistics.

Compiled in Office of Foreign Agricultural Relations, February 1950.

FOREIGN AGRICULTURE CIRCULAR

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WORLD EGG PRODUCTION IN 1949; CURRENT CHICKEN NUMBERS

Egg production during 1949 increased about 4 percent over the previous year in the major producing countries of the world. Continued favorable egg prices throughout most of 1949, and more abundant feed supplies at declining prices in almost every country have encouraged poultrymen to keep more birds and increase the rate-of-lay in their flocks. World egg production, now about one-fifth above prewar, has recovered to the extent that most rationing has been discontinued. Some governments find it necessary to encourage output of quality products and provide assurance of favorable prices to producers who are experiencing keener competition in domestic and export markets. Large feed-importing countries continue to control production and promote small farm flocks to bring about utilization of home-grown grains and farm wastes.

Chicken numbers increased substantially in response to high prices during the 1949 hatch. The continued efforts of poultrymen and their respective governments to improve the quality of laying stock will be even more important in the immediate future as margins between costs and sales prices are narrowing. The presence of Newcastle disease has become more widely recognized and immediate attention is being given to this hazard to poultry flocks in a number of countries.

The largest increases in both chicken numbers and egg production were in European countries, a few of which have fully recovered from war-time deficits. Egg production in France, Sweden, Switzerland and Spain was above prewar and in the United Kingdom, Ireland, Denmark and several other Western European countries approached 1934-38 levels. Countries which have encouraged the keeping of small farm flocks generally have made the greatest gains in chicken numbers, but their yields, though improving, have not made a comparable recovery since these have been the less well managed flocks. The Balkan countries, which have just begun significant recovery, have reported less pronounced restoration and are still concerned with obtaining sufficient egg supplies for their domestic markets. Practically every country exporting eggs prior to the last war is again active and of paramount importance are Denmark,

the Netherlands, Hungary, Belgium, Poland and Sweden. None of the European countries, however, has attained prewar export levels.

Canada was the only important country reporting a significant decline in eggs produced during 1949. The smaller hatch of 1948 limited the number of layers during 1949 although high prices during most of the year promoted a record rate-of-lay. However, the United Kingdom's contract was not renewed for 1950 and prices dropped drastically during the last months of 1949. The recent announcement of a price support program by the Canadian Government has steadied the market, but at a level somewhat lower than during the term of the United Kingdom contract. The Canadian egg output is expected to decline further in 1950 and production of poultry meat will probably continue more important.

Egg production in the United States during 1949 increased 2 percent over 1948, due largely to a record yield of 165 eggs per hen, since the average number of layers was about the same. Favorable price-cost relations during the first of the year encouraged a large hatch, which resulted in a 7 percent increase in chicken numbers on farms as of January 1, 1950 over a year earlier. Egg prices fell sharply in November and December and the Government support price for 1950 was announced at 37 cents (8 cents below 1949). Culling has not been excessive and production in 1950 continues high.

In 1949, Irish egg production was 20 percent above the previous year due largely to greater poultry numbers which are now above prewar. This increase made possible exports twice as large as those of 1948, all of which went to the United Kingdom. Egg prices to Irish producers have tended downward slightly during the year, but are not expected to depress output.

The Netherlands' egg production increased about 27 percent during 1949. The Government which hopes to export larger quantities of eggs to the United Kingdom and Western Germany in 1950 has announced that it will allow an increase of one-third in the size of hatch this year over 1949. High cost of imported feed is becoming more important to Dutch poultrymen as prices for eggs declined slightly during the year.

Egg production and chicken numbers in Denmark continue to increase substantially as the Danish export markets remain receptive to high-quality eggs. Exports which are directed mainly to the United Kingdom and Western Germany were twice as large in 1949 as in 1948, but were only about three-fourths of prewar. The large imports of grain necessary to the poultry industry are a major problem and cut-backs in imports may be reflected in the poultry industry this year.

Agricultural authorities in Switzerland were somewhat successful in the first year of their attempt to level out the seasonal production

through seasonally regulated prices. The hatching period, which was permitted to run until June 15 last year, will be closed on May 31 in 1950 in an attempt to restrict the number of eggs hatched. The Swiss also are confronted with limited indigenous feed supplies and the necessity of importing feed from hard currency countries. Domestically produced eggs are meeting increasing competition from eggs imported from countries with devalued currencies.

Poultrymen in both Sweden and Finland are now directing more effort towards finding export markets, inasmuch as production is more than ample for their current high domestic consumption. Egg prices during 1949 in these two countries were down from 1948 and are expected to continue this trend, but each has a much improved feed supply which may somewhat offset lower prices.

Greatly increased supplies of eggs were available to consumers in the United Kingdom during 1949 with production and imports respectively 16 and 36 percent above 1948. Even though there has been a 50 percent reduction in feed subsidies, further improvement in production is expected in 1950 because the British Government still guarantees high egg prices to farmers and increased feed supplies have been made available.

Egg production in Spain is reported above 1948 mainly because the incident of Newcastle disease is thought to be less severe in 1949.

More chickens and ample feed made Belgium a net exporter in 1949 after being a net importer of 122 million eggs in 1948. Belgium exports went to western Germany, Argentina and Uruguay. Argentina, normally an exporter of eggs and poultry, made only minor shipments of eggs late in the year. Production of eggs and poultry during 1949 was about the same as 1948, but increased domestic consumption utilized most of the output. A light corn crop and high feed prices in the region of Argentina in which poultry is important is expected to curtail any increase in poultry during 1950.

Austria discontinued price control and rationing of eggs early in 1949. The easing of controls somewhat stabilized the market at profitable prices to poultrymen.

Recovery in Greece has been delayed because of disease, feed scarcity and continued guerilla attacks. However, egg prices remain strong and considerable effort is being made to supply the local market.

Poultry numbers in India have dropped drastically since the previous report in 1946. The decrease is explained by Government officials as due to the movement of Moslem poultry keepers from India to Pakistan.

Australian poultrymen, who currently have a contract with the United Kingdom for their exportable surplus of eggs, had considerable difficulties during 1949 because of high cost feeds, short supply of by-product feeds and restricted transportation during the hatching season because of the extended Australian rail strike. A smaller hatch, decreased production and reduced exports are expected in 1950. Currently poultry meat prices are more favorable than prices paid for eggs.

The New Zealand poultry industry has continued to expand under controlled prices and improved feed supplies.

Record egg production has been reported in the Union of South Africa as prices held firm throughout most of the year. Poultrymen of that country had considerable misfortune in the latter part of the year with an outbreak of Newcastle disease and trouble with poor keeping quality of their exported eggs. Effort is being made to control these handicaps.

Production statistics concerning the Chinese egg and poultry industry are not available, but reports indicate that exports of egg products from Central China increased several fold in the latter part of 1949 as compared with a year earlier. This trend is expected to continue into 1950 as the cessation of fighting in that area has permitted the establishment of inland transportation and the construction of processing plants.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report, the Committee was composed of Joseph A. Becker, Chairman, Floyd E. Davis, Charles C. Wilson and Stanley Mehr.

EGGS: Number produced 1/ in specified countries, average 1934-38, annual 1946-49

Continent and country	Average 1934-38	1946	1947	1948	1949
	Million	Million	Million	Million	Million
NORTH AMERICA					
Canada	2,638	3,883	4,484	4,274	3,626
Panama	-	-	52	-	-
United States	35,498	55,590	55,252	55,158	56,382
Cuba	320	300	288	276	318
Dominican Republic	-	60	60	-	-
EUROPE					
Albania	143	-	-	-	-
Austria	663	270	285	350	400
Belgium	1,693	1,100	1,380	1,440	1,530
Bulgaria	682	-	-	-	-
Czechoslovakia 2/	1,958	776	903	1,110	1,380
Denmark	1,979	883	992	1,392	1,870
Finland	317	93	117	176	266
France	6,200	6,200	6,300	6,100	6,800
Germany (Tri-zone)	3,700	2,150	1,975	2,250	2,800
Greece	550	349	376	384	390
Hungary	1,050	-	650	750	-
Ireland	1,086	801	733	844	1,014
Italy	5,600	3,600	4,300	4,450	4,550
Luxembourg	40	-	30	35	40
Netherlands	1,978	480	1,052	1,159	1,480
Norway	369	155	198	263	330
Poland and Danzig	3,500	2,276	-	-	-
Portugal	250	-	-	-	-
Rumania	1,500 3/	532	-	-	-
Spain	1,700	-	1,992	1,800	1,860
Sweden	900	1,149	1,217	1,335	1,555
Switzerland	423	391	442	520	559
United Kingdom-Farm 4/	5/ 3,871	2,418	2,600	3,000	3,500
Total	5/ 5,098	3,850	4,000	4,300	5,000
Yugoslavia	1,000	-	-	-	-
ASIA					
Lebanon	-	65	60	48	42
Palestine	108	200	-	-	-
Syria	92	120	90	110	120
Turkey	1,003	863	895	-	-
Japan	3,553	936	-	-	-
India	-	2,794	-	-	-
Pakistan	-	571	-	-	1,085
Philippine Islands	-	-	-	250	-
SOUTH AMERICA					
Argentina	1,127	-	-	-	-
Brazil	-	-	-	2,160	-
Chile	-	520	460	370	-
Paraguay	-	-	100	-	-
Uruguay	289	358	326	330	300
AFRICA					
Egypt	751	-	-	-	-
French Morocco	1,000	-	-	-	-
Union of South Africa	-	-	372	-	1,200
OCEANIA					
Australia 6/	708	1,358	1,470	1,431	1,443
New Zealand	430	-	-	-	450

1/ Relates to farm production in Canada and the United States, but data for many countries not explicit on this point. 2/ Postwar numbers possibly under reported. 3/ 58 counties. 4/ Year ending May of year indicated. 5/ 3-year average. 6/ Commercial production for year beginning in July of year reported.

Office of Foreign Agricultural Relations.

CHICKEN: Numbers in specified countries, average 1934-38, annual 1946-1950

Continent and country	Date applicable	Average 1935-38	1946	1947	1948	1949	1950
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
NORTH AMERICA							
Canada 1/	Dec. 1	44,077	51,697	50,728	47,310	37,169	39,139
Guatemala		2/ 664	-	-	-	-	-
Mexico	March	3/ 36,368	-	-	-	-	-
Panama		2/ 195	1,372	1,528	-	-	-
United States	Jan. 1	408,177	530,203	474,441	461,550	448,676	481,198
Cuba	July	-	10,500	10,000	9,000	8,500	9,000
Dominican Republic		2,358	1,906	1,900	-	-	-
EUROPE							
Albania		2,060	1,800	-	-	-	-
Austria 1/	Dec. 3	2/ 8,862	5,300	5,400	5,800	5,600	6,100
Belgium 1/	Dec. 31	16,500	11,111	13,333	13,500	16,100	16,300
Bulgaria 1/	Dec. 31	4/ 11,814	-	-	-	-	-
Czechoslovakia 5/	Jan.	2/6/ 31,875	-	10,660	11,982	14,987	-
Denmark	July	2/ 27,643	18,388	19,271	23,445	28,000	-
Finland 7/	Sept. 1	2,853	1,171	-	-	-	-
France 8/ 1/	Fall	145,000	-	145,500	-	-	-
Germany (Tri-zone) 1/	Dec.	51,225	-	27,500	25,500	29,000	35,000
Greece 9/ 1/	Nov. 30	11,679	8,200	7,500	8,625	9,700	-
Hungary	Feb. 28	4/ 17,880	10/ 16,000	-	-	-	15,000
Ireland	June	15,961	15,263	14,537	17,079	18,524	-
Italy		76,000	-	11/ 50,613	-	-	-
Luxembourg 1/	Dec.	2/ 515	275	350	380	400	400
Netherlands 12/ 1/	Dec.	13/ 29,632	3,078	7,315	-	9,843	10,584
Norway	June 20	5,686	2,926	3,768	4,663	5,500	-
Poland and Danzig	July	50,000	20,000	-	39,000	-	-
Portugal 1/	Dec. 31	14/ 5,716	-	-	-	-	-
Rumania		2/ 31,853	15/ 10,939	-	15,000	-	-
Spain	July 1	16/ 28,972	17/ 22,468	-	37,200	33,500	35,000
Sweden	June	10/ 10,980	-	12,395	13,991	15,000	15,100
Switzerland 14/	Apr.	5,544	5,043	5,025	5,900	6,100	-
United Kingdom-Farm	June	73,402	61,723	64,880	79,219	88,706	-
Total	June	-	76,393	81,526	-	-	-
Yugoslavia 1/	Dec. 31	18,021	-	-	-	-	-
ASIA							
Lebanon 1/	Dec.	-	1,400	1,450	-	-	-
Palestine		2/ 1,914	-	-	-	-	-
Syria		1,525	2,029	1,826	2,235	-	-
Turkey		16,794	18,422	18,514	17,303	-	-
China		265,765	184,984	204,115	-	-	-
Japan	July	51,094	19,000	-	-	-	-
India		-	146,081	-	-	-	62,600
Pakistan		-	44,732	-	-	-	-
Philippine Islands		25,365	9,434	-	23,000	25,000	-
SOUTH AMERICA							
Argentina	June	18/ 42,988	-	-	-	-	-
Brazil		19/ 59,000	-	-	60,000	-	-
Chile	June	2/ 1,026	5,000	4,500	3,600	-	-
Paraguay		-	-	2,000	-	-	-
Uruguay		18/ 4,814	5,312	4,912	3,952	3,752	-
AFRICA							
Egypt	July	14/ 26,889	-	-	-	-	-
French Morocco		2/ 50,000	-	-	-	-	-
Union of South Africa	Aug.	18/ 14,000	14,000	16,000	15,834	-	-
OCEANIA							
Australia 1/	Dec. 31	15,541	15,000	-	-	-	-
New Zealand	March	14/ 3,489	-	-	-	-	4,200

1/ End of year estimates (October to December) included under the following year for comparison. Thus for Canada, the December 1, 1945 estimate of 51,697 is shown under 1946. 2/ Average for 2 to 4 years only. 3/ 1940. 4/ 1935. 5/ Postwar numbers possible under reported. 6/ May 1. 7/ Adult poultry. 8/ Represents chickens raised. 9/ All poultry. 10/ September. 11/ Hens and cocks. 12/ Hens and pullets. 13/ June. 14/ 1936. 15/ 58 counties instead of 71 as prewar. 16/ 1939. 17/ April. 18/ 1937. 19/ 1938.

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FOREIGN AGRICULTURE CIRCULAR

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UNITED STATES DEPARTMENT OF AGRICULTURE
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CHINA EGG PRODUCTS SITUATION 1950, PRODUCTION AND TRADE PROSPECTS

Summary

The 1950 production of eggs in China is expected to be larger than last year. Present indications of the spring egg collection in North China point to a much larger one than during the same period in 1949. Presently most of the eggs on the market are brought in through the normal collection channel - peddlers and dealers, but an increasing portion is now directly collected by farm co-operatives on behalf of the China Egg Products Company - the state chartered organ.

Exports of egg products during 1949 surpassed all post-war records, but were still much below the pre-war average of 104,950 metric tons (combined in terms of moist eggs). By value, the 1949 exports of egg products were on the top of the list of all exports from China.

While opinions on prespective exports in 1950 are divided, this office believes that the current egg products export will show another increase from the 1949 level. As usual, the bulk of these exports will go to the United Kingdom in the form of moist egg products. The United States, which took very small quantities of dried egg products in post-war years, substantially increased her taking in 1949, especially in dried egg yolk. With the present outlook of egg production, buyers in the United States should have no difficulty in obtaining in 1950 about half of her pre-war takings, which averaged (1934-36) 871 metric tons of dried egg albumen and 1,927 metric tons of dried egg yolk.

Production

No estimate, official or otherwise, on egg production in China has ever been made. The former National Agricultural Research Bureau estimates of chickens and ducks are no longer available. Although the present food shortage, civil war effects and the new regime's rural policy are considered

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From a report prepared by TUNG Yueh, Clerk, American Consulate General, Hong Kong.

as factors that tend to reduce the current egg production, the 1950 spring collection of eggs in North China is presently expected to be larger than any of the corresponding periods in post-war years. This belief is based on the following reasons: The territorial restriction, which was a major factor in slowing down egg collections during the Nationalist Party regime, is now completely removed. The state operated China Egg Products Company (CEPC for short) has established a new collection system through rural co-operatives. The food scarcity in rural districts, which has its effects in reducing chicken and duck feedings, also has its effects in cutting down local egg consumption for exchange with more coarse food.

A press article in Tientsin stated that it was generally estimated that the current egg production (meaning egg collections) may exceed the 1949 production by more than 300 percent. The writer attributed the expected increase to stable rural conditions and government encouragements in chicken raising.

1949 export

Export of egg products which averaged (1933-37) 104,956 metric tons (all kinds combined and converted into terms of moist eggs) and was the third in value among China's agricultural exports. Export of these commodities diminished after the war in 1941. On the same basis, the 1946 export was 6,900 metric tons, 14,609 metric tons in 1947 and for the first 8 months in 1948 was 25,326 metric tons.

No official statistics for 1949 exports are available. The press article referred to in the preceding section on production stated that 2,524.1 metric tons of dried egg products were exported during 1949 which were valued at US $3,715,051 or 16.34 percent of the total exports for that year in value. The export of preserved eggs, salted eggs, fresh eggs and frozen moist eggs represented 18.05 percent of the total export value. Combined, the export of all egg products was the foremost item in all 1949 exports in value.

Exports by destinations are not known. But it is understood that the United States increased her takings substantially during 1949, especially in dried egg yolk.

Tientsin was the center of egg products export during 1949. The Central Trust of China made its last shipment for the 1948-49 contract in February 1949. Since then practically no egg product was exported through Shanghai. The egg packing and exporting trade in Tientsin suffered great losses during the war and in post-war years. It suddenly revived and became very prosperious during 1949 in the absence of export from Shanghai. Meanwhile the trade in Shanghai, due to military activities, political changeover and the Nationalist "blockade", was practically at a complete standstill.

Outlook for 1950 export

Regarding the prospective export in 1950, opinions expressed by various sources are conflicting. At a conference called in March by the Foreign Trade Research Association in Tientsin, a CEPC representative stated that import duty on egg products abroad (did not mention what country) would be increased as from April 1950. He thought there was a strong world demand for Chinese egg products but indicated that orders for April and May shipments had not been heavy. In an analytic press article, the writer predicted that while export of dried egg products in 1950 might reach 5,000 metric tons from the last year's level of 2,524 metric tons, the 1950 production of fresh eggs would be three times larger than 1949. He cautioned the danger of over production and urged improvements in standards as well as lowering production cost. In Hong Kong, exporters of egg products were of the opinion that while the spring collection this year in North China was definitely expected to be larger, prospects of export were not very bright. Their argument was based on the fact that the present market in London was very weak and quotations were on a downward trend. The market in America was even worse, with stocks on hand reported to be very large. CEPC cargoes which were covered only by Commodity Testing Bureau certificates (a Chinese Government organ) were not always acceptable to continental European buyers. For instance, an order from Hamburg in April specified that the cargo should be covered by a certificate issued in Hong Kong. CEPC representatives are presently offering some several hundred tons of dried egg products in Hong Kong. But so far they had no success. Some exporters were willing to accept the cargo on consignment basis, but CEPC insisted on shipment against letter of credit which exporters considered to be a very risky undertaking.

But in April 1950, a contract was signed between CEPC and the Jardine, Matheson & Co., Ltd., of Tsingtao; the International Export Co., Ltd., of Tientsin; S. Behr & Mathew Co., Ltd., of Tsingtao; and the China Egg Produce Co., Ltd., of Tsingtao (a Chinese concern with head office in Shanghai) for processing and exporting 20,000 long tons of frozen moist egg products. The necessary fresh eggs were to be supplied by CEPC.

According to the Hong Kong office of the China Egg Produce Co., Ltd., the contract was based on an open order (20,000 long tons) from the British Ministry of Food and import quotas available to these exporters. The price was fixed at $532 per long ton f.o.b. (about 24 cents per pound) China ports which was somewhat better than the Ministry's purchasing price elsewhere. The foreign exchange proceeds therefrom could be exchanged into Hong Kong dollars, but otherwise it would be blockaded for uses in the United Kingdom only. (Fund transfer out of Hong Kong was subject to Government approval.) Deliveries were to be completed before January 1951.

It will be recalled that back in 1947 an agreement was signed by the Central Trust of China and the Refrigerated Egg Packers' Association of China which provided a form of subsidization of egg exports so that the packers could accept orders from the British Ministry of Food. The agreement was renewed in 1948-49 season (the season ending in February 1949) and the packers were able to obtain an order from the British Ministry as much as 16,000 tons of frozen eggs products (whole eggs, melange and moist) during that season. In early February 1949, negotiations for a similar contract were going on for the 1949-50 season. This was never signed because at first the British Ministry of Food was indecisive about the price they were willing to pay and then had to be dropped due to subsequent military movements in East China area.

However, the Central Trust was unable to fulfill its agreements. For 1947-48, 7,000 long tons were delivered against 9,000 long tons contracted and for 1948-49, only 5,000 long tons were delivered against 16,000 long tons contracted. The China Egg Produce Co., Ltd., in Hong Kong appeared to be quite confident that the 20,000 long ton contract could be fulfilled in 1950. The reopenning of shipping to Shanghai further brightens this prospect.

On the basis of the above opinions on export and a larger egg collection in 1950, this office believes that the 1950 export of egg products in China will show another increase and will be the largest on record for post-war years. As usual, the United Kingdom is expected to take the bulk of the Chinese export. Export to the United States which consisted chiefly of dried egg products can also increase in 1950. Under the present outlook and with a better turn of the domestic market conditions, the United States should be able to obtain about half of its pre-war import from China, which averaged (1934-36) 871 metric tons of dried egg albumem and 1,927 metric tons of dried egg yolk.

In this respect, it should be pointed out that the present Communist policy of foreign trade is almost on a day-to-day basis. There is practically nothing impossible and everything may change completely within a very short time. For instance, the authorities in Tsingtao and Tientsin recently enforced, without warning, an export ban on shipment of fresh eggs to Hong Kong, the main outlet of fresh eggs from North China. Ostensibly the ban was designed to check the much depressed egg market in Hong Kong due to heavy arrivals in recent weeks.. But certain egg dealers recently arrived from Tsingtao were inclined to believe that the measure was also used to protect a large state owned shipment. Therefore, it is within the reason to expect that the authorities in North China will also adopt certain tactics to break the present stalemate of dried egg products exports in order to find an outlet for factories in North China, most of which are not equipped to manufacture frozen egg products.

Marketing conditions and the Communist egg collection system

Fresh eggs in China are generally collected through peddlers who go from house to house in rural areas and buy from peasants a few eggs at a time for cash payment or in exchange of other commodities. The eggs thus collected go through a number of intermediate hands before they finally reach packers in Shanghai, Tientsin, Tsingtao or Hankow. CEPC presently buys a large amount of eggs, collected in the above-described manner, from city dealers. But they also have their own system of collection through different farm co-operatives. Under this system a contract is usually signed which gives the farm co-operative the authority to collect fresh eggs on behalf of CEPC within a prescribed quantity and at a price to be endorsed by CEPC. CEPC supplies in advance funds or commodities needed for exchange with eggs.

So far, it appears to this office that not very many co-operatives have actively participated in this collection operation. But those which did participate have reported good results. For instance, the farm co-operative at Shihchiachuang in Hopei was reported to have collected 25 million eggs during March 1950. But the bulk of present arrivals in Tientsin and Tsingtao are still collected by dealers. These dealers have no obligation to sell their cargo to CEPC. They are free to sell them to private egg packers or exporters. However, the state company is still by far the largest buyer in the market in Tientsin or Tsingtao.

Take April 9 and 10 for instance. During these two days 1.24 million eggs were collected in Tientsin, of which 900,000 eggs were bought by CEPC and the remainder by private packers. As a rule, the packers pay the same price as CEPC which leads the market in all fluctuations.

In addition to arrivals from North China hinterland, Tientsin also obtains substantial quantities of eggs from the Northeast (Manchuria). On May 20, 1950, it was reported that 15 car-loads of fresh eggs arrived in Tientsin from the Northeast.

Prices

As far as export eggs are concerned there are two kinds of prices, all of which affect the final price to importers abroad. Firstly, there are the original cost prices. These prices are announced daily by CEPC. Practically all domestic trading in eggs is done at these prices. A few of these prices are given in the price table attached. Then, there are the export floor prices. These are announced periodically by the Foreign Trade Bureau on base of which exporters must surrender their foreign exchange proceeds. Like the CEPC prices, the floor prices vary from one port to another. This office has not been able to obtain enough

representatives samples of floor prices for egg products but was informed by a local fresh egg importer that on May 26, the CEPC price in Tientsin was at the equivalent of 10.5 cents per dozen. On the same date the Foreign Trade Bureau's floor price was 15 cents in Tientsin, and 16 cents per dozen in Tsingtao. Floor prices for dried egg products and frozen melange and frozen moist eggs are not available in Hong Kong. There are presently very few firms interested in these commodities in Hong Kong.

CHINA: Egg Products Company's Prices For Egg Products in Tientsin.

Date	Hen eggs fresh	Dried albumen	Dried yolk	Dried yolk and albumen mixed at 5:2 ratio
	Cents per dozen	Cents per pound	Cents per pound	Cents per pound
March 20	13	81	51	60
April 5	08	81	51	60
April 6	08	81	51	60
April 7	07	81	51	60
April 8	06	81	51	60
April 9	08	81	51	60
April 12	08	80	50	59
April 15	07	52	39	43
April 16	07	52	39	43
April 18	08	52	39	43

UNITED STATES: Imports of eggs from China, average 1935-39, annual 1947-49, quarterly 1949, January-March 1950, and April 1950

Period	Frozen egg yolk	Dried egg albumen	Frozen eggs	Dried whole eggs	Dried egg yolks
	Pounds	Pounds	Pounds	Pounds	Pounds
Average 1935-39	796,000	1,655,000	5,000	388,000	3,053,000
Annual 1947	120	0	4,118	315	108
Annual 1948	0	2,046	2,064	28,400	204,615
Annual 1949	0	43,312	2,865	93,200	176,526
Quarterly 1949					
January-March	0	200	2,615	0	74,200
April-June	0	4,800	250	11,200	61,200
July-September	0	4,800	0	63,000	604,006
Oct.-Dec.	0	33,512	0	19,000	1,027,120
Jan.-March 1950	0	7,600	0	17,000	626,645
April 1950	0	800	0	0	325,240

Compiled from official sources.

CHINA: Exports of eggs and egg products to foreign countries, annual 1902-36

Year	Value in U. S. dollars	Year	Value in U. S. dollars
1902	903,017	1920	26,607,177
1903	1,073,137	1921	18,769,871
1904	1,090,228	1922	24,862,848
1905	1,475,760	1923	23,697,595
1906	2,365,120	1924	25,533,763
1907	1,879,911	1925	27,730,525
1908	1,697,823	1926	29,012,111
1909	2,348,513	1927	23,133,148
1910	2,640,059	1928	31,083,119
1911	2,501,026	1929	33,100,674
1912	3,222,348	1930	23,984,263
1913	4,184,372	1931	13,211,365
1914	4,837,377	1932	10,960,159
1915	5,224,297	1933	10,433,454
1916	9,741,867	1934	10,311,528
1917	14,747,612	1935	11,728,613
1918	13,927,051	1936	12,435,965
1919	34,656,167		

Source: China Maritime Customs Returns.

CHINA: Total volume of exports of all eggs and egg products

Year	Fresh shell eggs	Preserved shell eggs	Dried whole eggs	Dried yolk	Dried albumen	Total dried products	Frozen whole	Frozen yolk	Frozen albumen	Total frozen products
	1,000 dozen	1,000 dozen	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1920	53,892	---	56,427	---	---	56,427	43,015	---	---	43,015
1921	98,393	---	52,376	---	---	52,376	12,168	---	---	12,168
1922	98,498	---	57,642	---	---	57,642	36,813	---	---	36,813
1923	91,754	---	50,338	---	---	50,338	50,049	---	---	50,049
1924	77,555	1,133	3,069	8,770	8,798	20,637	32,941	34,310	6,824	74,075
1925	64,229	1,146	11,296	11,228	8,696	31,220	56,188	38,744	7,743	102,675
1926	61,666	1,564	2,913	8,587	7,802	19,302	64,022	37,579	11,568	113,169
1927	48,585	1,650	1,679	8,599	6,403	16,681	53,231	23,328	7,617	84,176
1928	51,045	1,014	2,918	9,429	7,517	19,864	72,834	26,041	8,064	106,939
1929	49,423	1,066	2,778	12,211	8,453	23,442	89,174	27,690	10,616	127,480
1930	50,193	1,167	2,315	9,323	7,585	19,223	98,191	25,902	99,988	134,081
1931	49,533	1,411	1,370	7,518	6,334	15,222	83,911	23,163	10,310	117,384
1932	28,483	1,174	1,375	5,287	5,752	12,414	78,468	20,433	8,046	106,047
1933	28,272	1,283	887	7,499	5,158	13,544	64,488	19,562	8,387	92,437
1934	25,409	1,220	651	7,880	5,662	14,193	74,583	16,983	5,058	96,624
1935	23,883	1,016	1,492	10,539	7,416	19,447	81,139	17,088	5,981	104,208
1936	31,668	1,398	2,152	11,766	8,397	22,315	89,073	21,527	6,390	116,990

Source: Foreign Trade of China, Maritime Customs.

FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
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INDICATED 1950 WORLD EGG PRODUCTION

The production of eggs during 1950 by major producing countries 1/ is indicated at approximately 5 percent above last year according to information available to the Office of Foreign Agricultural Relations. The indicated 1950 level of production will exceed the average prewar output of these same countries by about one-third largely due to the 66 percent increase in the United States which accounts for approximately one-half of all the reported egg output. The egg production for all reporting countries excluding the United States is almost 10 percent above their comparable prewar average. There is some indication that smaller world-wide gains in egg production will be made in the next few years since the United States output is at a record level and most of the European countries have substantially recovered from their World War II deficits.

The 1950 increases have been the result of both higher chicken numbers in almost every country during 1950 owing to the large hatch in 1949 and the better rate-of-lay in a number of countries over last year due to improved quality of birds and better feeding.

Profits to egg producers have been smaller in 1950 as in most instances feed and labor costs have remained steady or increased while at the same time prices paid for eggs have declined in almost every country. The higher feed prices are of particular hindrance to feed importing countries, in many of which effort is made to keep the size of flocks in direct proportion to the amount of feed that can be home grown by the poultry keepers. This policy has succeeded in utilizing more indigenous feed but also has limited specialized enterprises and given rise to increased seasonality in the supply of eggs. Practically all ceiling price controls and rationing have been replaced by price support programs for producers, and in efforts to provide both export and domestic markets. This situation has resulted in a smaller hatch during 1950 in several countries, but may not necessarily mean fewer eggs as an increase in the rate-of-lay could easily offset the smaller number of hens.

The United States output of eggs is expected to increase by 4 1/2 percent in 1950 above 1949, while Canadian production is estimated at slightly over 3

1/ This report includes countries for which information is obtainable as indicated by the accompanying table.

percent above last year. Practically all Western European countries made much larger gains. Particularly large advances in egg production are indicated in the Netherlands, the United States, British and French zones of Germany, Finland, Denmark, Czechoslovakia and Austria. The export of eggs is increasing as major suppliers such as the Netherlands, Denmark, Hungary, Turkey, Poland, Australia, Sweden, Ireland, China, and Belgium make large shipments and minor exportations are made by France, Norway, and others not normally considered net exporters of eggs. Several Balkan countries are now experiencing their first good year, and there is no reporting country where egg production is still depressed as a result of World War II.

A smaller output of eggs is expected in both Switzerland and Australia for 1950 as compared to 1949 due to the pessimistic outlook for producers in these two countries.

United States egg production the first eight months of 1950 was 7 percent above last year but the increase for the whole year will not be as large. The much smaller hatch this year will limit the number of pullets laying in the last months of the year. The egg prices received by poultrymen thus far in 1950 have been considerably below the 1949 level and are not apt to make more then seasonal gains in the remainder of the year.

The Canadian poultrymen were extremely pessimistic at the beginning of the year since they lost the United Kingdom market, their principal export outlet. However the Government price support program instituted late in January and the increase in domestic consumption by about 13 percent has provided a relatively stable domestic market. No surpluses are expected as storage eggs will probably move out in the short season. Exports are much smaller than in 1949 and mainly to the United States. The 1950 hatch was 18 percent below a year earlier, leaving fewer pullets to start the 1950-51 laying season.

The Cuban egg production has been increasing in line with the Government interest and desire to encourage domestic production to the extent of supplying local needs through improvement in production methods and providing a profitable market with import regulations. Improvement in methods of marketing will assist materially.

The Argentine poultry industry has been hindered by high feed costs due to the smaller indigenous grain crop of 1950. No eggs are available for export as domestic demand has raised local prices above the international market level. Egg production during the flush season has not even been large enough to permit as many for storage as the Government would like for domestic needs during the off season.

The Netherlands egg production for 1950 is estimated at about 22 percent above 1949. Stocks however are much smaller than in 1949 due to the larger exports which now account for over one-half of the production. Western Germany is the principal destination of export shipments and this market is expected to remain stable at a price level higher than quoted for a considerable portion of earlier

exports to other countries. The higher export prices have strengthened the prices in domestic markets where purchases have been smaller than the comparable period a year earlier. Sales to the United Kingdom have been temporarily withheld as the two countries could not agree upon a price at the time of negotiating the June 5th trade agreement. The incidence of Newcastle disease has been brought under control.

The Danish trend in egg production continues upward with an increase of 13 percent in 1950 over 1949. The United Kingdom continues to purchase approximately 80 percent of the exports under long term agreement but at prices regarded by Denmark as unfavorable to their poultry industry. Western Germany has been a favorable market. Feed supplies have been adequate.

The Irish rate of increase in egg output has fallen off from the approximately 20 percent in 1949 over a year earlier to about 6 percent in 1950 over last year, as the production nears the prewar level. Poultrymen have become doubtful of prospects for profitable trade with the United Kingdom as the price during the flush season dropped from about 34 cents to 28 cents per dozen. The United Kingdom contract, however, does specify a price of almost 50 cents per dozen during the season of low production which might be encouraging and possibly have considerable effect on leveling out the high seasonal production of Ireland. Rising cost of imported grain has become a limiting factor to some poultry keepers and there is considerable effort being expended to utilize home grown feeds.

Sweden: The anticipated 6 percent increase in the production of eggs in Sweden during this year over 1949 will put the egg output at a level 80 percent above prewar. The domestic consumption of eggs is the highest on record for Sweden and exports are at prewar levels. Prices received by poultrymen have declined and feed supplies are adequate. The flocks are healthy and relatively free of disease.

The Swiss poultry industry is having difficulty meeting the lower prices of imported eggs from countries that have devaluated their currency even though domestic prices received by farmers is aided by small compensation payments. Swiss officials warn against the establishment of any new poultry enterprises or expansion in old flocks. Domestic consumption has increased as a result of lower retail prices. The number of laying hens as of April 1949 and 1950 was about the same. Swiss egg production is about 13 percent above the average prewar level.

Norwegian egg production for the year 1950 will be about 9 percent above 1949 and 11 percent above the prewar average. Rationing of eggs to consumers was discontinued in June 1950 and the first postwar exports were made in the same month. Norway does not favor subsidizing of poultry feed for the production of eggs for export as poultrymen feel the foreign market is unreliable. Some effort is being made to provide storage facilities for eggs during the season of high production as considerable seasonality developed during the operation of postwar controls for encouraging output. Eggs are receiving more competition from other foods in the market place and the margin between costs and sales prices is continuing to decrease. This is expected to limit the hatch in 1950 to about one-half the number of chicks hatched in 1949.

Egg production in France has increased 6 percent above the prewar average due largely to an improvement in husbandry practices and better supplies of feed. Chicken numbers are still estimated at about prewar levels. The large production of eggs has caused 1950 prices to fall below those existing for comparable periods during 1949 but consumption has increased only slightly. This situation has made supplies available for export and France is currently a net-exporter of eggs. Prices paid to poultrymen have not been particularly encouraging but it is quite possible that production will continue to increase with improvement in rate-of-lay.

Production in Finland during 1950 which is estimated at 13 percent above 1949 will be only about 6 percent below prewar. Indigenous egg output in 1950 exceeded domestic purchases for the first time in 10 years. Prior to World War II 45 percent of the Finnish production was sold on foreign markets and considerable effort has been made to resume exports. The government has begun subsidizing exports to encourage production and thereby expecting to offset considerable reductions in domestic prices. Egg output in Poland is increasing and much attention is being directed towards improving the assembly of eggs and in securing export markets.

The United Kingdom supply of eggs has increased due to higher production and greater imports to the extent that consumer prices were lower during the flush season. Retailers were allowed to sell eggs to other than regular buyers after registered customers had an opportunity to secure their allocation. The government has continued to guarantee relatively high prices for eggs to farmers and subsidize prices to consumers. Feed subsidies were eliminated.

Austria and Czechoslovakia are making more pronounced recovery with improved feed supplies and in another year can be expected to be very close to the prewar level.

New Zealand egg production increased slightly during 1950 as feed supplies are somewhat better and there have been a few additional family size flocks. Supplies will still be short of domestic purchases.

Output of eggs in Australia in the first half of 1950 was slightly less than the first 6 months in 1949. Rising costs made it difficult to derive a profit from prices specified in the long term United Kingdom contract which is important as one-third of the production is for export.

EGGS: Number produced 1/ in specified countries, average 1934-38, annual 1946-1949

Country	Average 1934-38	1947	1948	1949	Indicated 1950
	Millions	Millions	Millions	Millions	Millions
NORTH AMERICA					
Canada	2,638	4,484	4,274	3,774	3,900
Panama	-	52	-	54	55
United States	35,498	55,252	55,158	56,382	59,000
Cuba	320	288	276	318	325
Dominican Republic	-	60	-	-	-
EUROPE					
Albania	143	-	-	-	-
Austria	663	285	350	400	450
Belgium	1,693	1,250	1,300	1,500	1,600
Bulgaria	682	-	-	-	-
Czechoslovakia 2/	1,958	903	1,110	1,380	1,560
Denmark	1,979	992	1,392	1,870	2,112
Finland	317	117	176	266	300
France	6,200	6,300	6,100	6,800	7,200
Germany (Tri-zone)	3,700	1,976	2,250	2,800	3,600
Greece	550	376	384	390	410
Hungary	1,050	650	750	-	-
Ireland	1,086	733	844	1,014	1,080
Italy	5,600	4,300	4,450	4,550	4,650
Luxembourg	40	30	35	40	40
Netherlands	1,978	1,052	1,159	1,480	1,800
Norway	369	198	276	375	410
Poland and Danzig	3,500	-	-	-	-
Portugal	250	-	-	-	-
Rumania	1,500	-	-	-	-
Spain	1,700	1,992	1,800	1,860	1,900
Sweden	900	1,217	1,335	1,555	1,656
Switzerland	423	442	520	559	530
United Kingdom - Farm 3/	4/ 3,871	2,600	3,000	3,500	4,300
Total 3/	4/ 5,098	4,000	4,300	5,000	5,750
Yugoslavia	1,000	-	-	-	-
ASIA					
Lebanon	-	60	48	42	-
Palestine	108	-	-	-	-
Syria	92	90	110	120	-
Turkey	1,003	-	895	950	1,000
Japan	3,553	-	-	-	-
India	-	-	-	1,085	-
Pakistan	-	-	334	-	-
Philippine Islands	645	-	605	645	675
SOUTH AMERICA					
Argentina	1,127	-	-	-	-
Brazil	-	-	2,160	-	-
Chile	-	460	370	-	-
Paraguay	-	100	-	-	-
Uruguay	289	326	330	300	-
AFRICA					
Egypt	751	-	-	-	-
French Morocco	1,000	-	-	-	-
Union of South Africa	-	372	-	1,200	1,160
OCEANIA					
Australia 5/	708	1,470	1,431	1,443	1,392
New Zealand	403	-	-	450	460

1/ Relates to farm production in Canada and the United States, but data for many countries not explicit on this point. 2/ Postwar numbers possibly under reported. 3/ Year ending May of year indicated. 4/ 3-year average. 5/ Commercial production for year ending in June of year reported.

Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics of foreign governments, reports of U. S. Foreign Service officers, results of office research, and other information. Data relate to prewar boundaries unless otherwise noted.

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UNITED STATES DEPARTMENT OF AGRICULTURE
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CANADIAN EGG PRICE SUPPORT PROGRAMS 1/

Review of 1950 Program

I - Introduction

In January of 1950 the Canadian Government instituted a price support program for eggs, designed to support a faltering market brought about chiefly by the discontinuance of egg sales to the United Kingdom. The government supported storage program was a new approach taken by the Canadian authorities and it has met with signal success. It is believed that a review of the program and its operation would be of value as an illustration of Canadian agricultural policy. In addition, the Canadian experience should be of interest to United States officials administering support programs.

Program Announcement for 1951

On December 12, 1950 the Canadian Government announced a supported storage program for eggs for the new season ahead very similar to the program in effect in 1950.

The Agricultural Prices Support Board is committed to buy, at the termination of the storage program, late in 1951, all eggs then unsold which had been stored to Board specifications during the period from December 1950 to May 1951. Actual purchases will not begin until late in 1951. The exact date of termination in May and the exact date when the Board will begin to purchase were not announced.

The Board will pay, at all storage points in Canada 38 cents per dozen for eggs stored as Grade A Large and 36 cents per dozen for Grade A Medium, plus a stipulated allowance to cover costs.

The Government does not enter into the storage and merchandising of eggs but only guarantees to take off the hands of storers any eggs offered at the end of the storage period.

1/ From Reports by Philip C. Habib, assistant Agricultural Attache, American Embassy, Ottawa, Canada.

II - Background for the Action

Before the recent war Canada was virtually on a domestic basis as far as eggs were concerned. Average production during the years 1935-39 was about 220,000,000 dozens with average exports of 7,000,000 dozens. As a contribution to the war effort in helping to feed the United Kingdom, Canada expanded production rapidly. The first of a series of egg purchase contracts began in 1941 and continued into the post-war years. Purchases under contract reached a peak of 86,000,000 dozens (shell equivalent) in 1947, and in the last contract year of 1949 were 40,000,000 dozens.

The increase in production during this period was sufficient to meet those expanded exports and still provide for a substantial increase in domestic disappearance from 211,000,000 dozens average during 1935-39 to 305,000,000 dozens in 1949 (including eggs for hatching).

In addition to providing an assured market for export surpluses the contracts with the United Kingdom in fact supplied a floor price support by specifying contract prices.

In December of 1949 the Canadian government announced that there would be no 1950 egg purchase contract with the United Kingdom and on December 17, 1949 the Special Products Board ceased egg purchases.

The egg market almost immediately became demoralized and threatened to carry the poultry industry with it. Egg prices fell rapidly all across Canada; in some places prices declined as much as 20 cents per dozen in two weeks. The producers and their organizations raised a cry for support and requests were made to the government for some measure of price support.

The assurance of a price support program was not provided until January 26, 1950, by which time egg markets had settled to low levels returning 25 to 30 cents per dozen to producers. The announced program served to bolster prices although at a lower level than enjoyed under contract purchase conditions. By waiting for more than a month after the end of the contract before announcing the support program the government succeeded in establishing a free market price which could be used as a reference for support levels. The government did not wish to support at the high contract levels (in 1949, an average of about 48 cents per dozen, basis Grade A Large).

III - The Announcement of the Program and Its Legal Basis

On January 26, 1950 the Canadian Government announced its intention to stabilize the egg market by supporting a storage program for 1950. Under the plan the Agricultural Prices Support Board was committed to buy, at the termination of the storage period, late in 1950, all eggs then unsold which had been stored according to Board specifications, during the period January to early June of this year. The exact date of termination in June and the exact date when the Board would purchase storage eggs late in 1950 were not announced at the outset of the program.

The storage termination date was not fixed and as it developed the Board never did set a fixed date. The market situation was such that there was no likelihood of any eggs being stored to the Board's account after the end of June. Any eggs stored later in the year were not for the Board's account. As the programs turned out in operation there was no necessity to establish dates of purchase or purchase termination dates.

The announcement committed the Board to pay, at all storage points in Canada, 38 cents per dozen for eggs stored as Grade A Large and 36 cents per dozen for eggs stored as Grade A Medium, plus a stipulated allowance to cover costs of oiling, storage, interest and insurance. The payment was to be made on the basis of egg grades going into storage and the eggs were not to be regraded for support purposes upon coming out of storage. The prices established were not arrived at by the use of any formula but were selected by the Support Board with an eye to stabilizing the market at a level which would provide stop-loss returns to producers and yet not build up government surpluses.

On March 3rd the Board specified the cost allowance as four cents per dozen for stored eggs, if purchased by the Board, up to and including October 1, 1950; four and one-half cents per dozen for eggs purchased between October 2 and November 1; and five cents per dozen for eggs purchased between November 2 and December 1.

The program provided that the storing and merchandizing of eggs would remain in industry hands. The Government did not wish to go into the egg business but simply offered to buy any unsold eggs at the end of the storage period. What the Board would do with the eggs if any were to be offered to it at the end of the period was not announced. It is known that the Board proposed that any eggs it might purchase would be in shell form so that they could be held for shell sale or processed whichever seemed wiser. This provided a flexibility for Board decisions as to future disposal policy.

The legal basis for the establishment of this program rests in the Agricultural Prices Support Act of 1944 which was placed on a permanent basis in March, 1950. The Act provides the necessary power to support the prices of any agricultural commodity except wheat. The Agricultural Prices Support Board administers the Act and has at its disposal a revolving fund of $200,000,000, which is maintanined at that level by annual appropriations, if there is any loss during the year. The Board is empowered "to endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and to endeavour to secure a fair relationship between the returns from agriculture and those from other operations."

There is no mandatory support for any commodity, nor is there any formula for establishing the time or level of support. The decisions as to levels of support or commodities to be supported are left to the Board to recommend to the Government.

The Board can recommend assistance either by outright purchase or by underwriting the market through guarantees or deficiency payments.

The Act provides a wide flexibility of operation, and permits the use of a variety of approaches to solve particular commodity marketing problems. It puts into the hands of an executive agency a wide discretionary power over when, what and how to support any commodity, with final action centered in the Cabinet. This delegation of power is not unusual under the Canadian Parliamentary system where Cabinet responsibility is to the House of Parliament.

IV - The Operation of the Program

In operating the program the Prices Support Board set up certain specifications and rulings which a storer had to follow in order to be eligible to sell his stored eggs to the Board if he so desired. The storer would keep ownership and control of his eggs but he could store them to Board account. If a storer failed to meet the specifications then he was not entitled to seek Board purchase of his stored eggs.

The Board specifications announced at the outset of the program were as follows:

1. Storage Conditions

   (a) Only Grade A large and Grade A Medium eggs are to be stored. (It was later ruled that oversize eggs were to be separated before storage and could be included under the support program.)

   (b) Eggs are to be oil dipped prior to storage in compliance with specific rules.

   (c) Eggs for storage are to be packed in new cases or the equivalent and in new packing material.

   (d) Before any eggs are placed in storage the storer is to request and receive from the Board a lot number, which lot number will be issued to cover carlot quantities with a minimum of 300 cases for each lot. This lot number is to be stamped on a card attached to the upper right hand corner of one end of each case in the lot.

   (e) Eggs are to be inspected into storage and the inspection stamp is to appear over the lot number on the appropriate card on each end of the case.

   (f) Eggs are to be stored only in storages and rooms approved by the Board.

   (g) Eggs are to be stored at a temperature of 30 degrees, plus or minus one degree, and at a relative humidity not to exceed 85 percent. They shall be so piled as to permit adequate air circulation to all cases in the room.

(h) Eggs stored under the support program are to be packed with the large end up.

2. The Board may at any time during the storage period call the attention of the storer to any conditions which it considers prejudicial to the proper care of the eggs and may require the correction of such conditions.

3. During the storing period the eggs will remain the property and responsibility of the storer. Eggs may be withdrawn by him at any time for sale other than to the Board. With respect to every case so withdrawn from storage the tag bearing the lot number and inspection stamp shall be destroyed immediately. No eggs withdrawn from storage and no undergrades extracted in the regrading of eggs withdrawn from storage, shall be returned into storage under a Board lot number.

4. The Board will require, in accordance with details to be announced later, regular advice from owners of storage eggs respecting withdrawals from storage.

5. Any application to the Board for lot numbers for the storage of eggs under this program shall constitute acceptance by the application of the terms of this Reference. Should any owner of eggs in storage under this program fail to adhere to the terms of this Reference the Board reserves the right to notify him that its obligation to accept eggs under this program is cancelled.

6. At any time during the storage period the Board may offer to take delivery of specific quantities of eggs which have been stored according to these specifications and if it desires such eggs to be delivered to it regraded out of storage will offer an appropriate allowance with respect thereto additional to the prices and allowances as stated.

7. If any owner of eggs stored under this program elects not to deliver to the Board any eggs of which the Board offers to take delivery at any time during the storage period, the eligibility of such eggs for purchase by the Board under this program shall be cancelled with respect to such quantities as the owner elects not to deliver to the Board.

With these rulings and specifications the Board was able to operate effectively and efficiently. The storage eggs were kept in good condition and were readily accepted in Eastern retail markets at approximately 5-10 cents below fresh eggs, while in Western markets there was no differential.

It will be noted that the specifications included a clause, in items 6 and 7 above, which protected the government against the possibility that storers might overstay a period of favorable prices and then try to sell to the government at support prices.

V - The Program in Action

The program was placed in action under Prices Support Board administration, utilizing the existing inspection services of the Canadian Department of Agriculture. During the spring surplus production season eggs began to flow into storage under Board specifications. A total of 396,000 cases (30 dozen per case) were stored to Board account before the end of June 1950.

The program was arranged in the hope that during the short production season in the summer the stored eggs would flow back into consumer channels and few eggs would be left for Board purchases in the fall. It was hoped that cheaper eggs and a plentiful supply during the normally short season would increase domestic consumption sufficient to prevent the building up of a burdensome surplus.

It worked just fine and not a single egg was purchased by the Board. Current stocks to Board account are nil, all having been disposed of through normal market channels by private industry. The Board announced that effective December 1, 1950, no purchases would be made by the Board, but this was a purely nominal administrative ruling, all the eggs being disposed of before that time.

The signal success of the program to dispose of eggs which had been feared in surplus is mostly attributable to increased domestic consumption. With egg prices low, meat prices high and eggs in better than normal supply during the usual short season, Canadians ate more eggs and pulled themselves right out of what might have been an embarrassing position.

VI - The Results of the Program

The egg storage program had a variety of results, immediate and longer term, which affected the poultry industry.

The immediate effect of the announcement in January was the stabilization of a demoralized egg market. Market prices rose from the very low levels of early January and settled at slightly above support levels, with the surplus being stored for Board account. The poultry industry was assured of its future for a year and the tendency toward drastic flock liquidation was arrested.

The short term results (those effective during the year) were equally pronounced. Eggs did move into storage during the spring flush period. Although the quantity stored to Board account was not huge (396,000 cases) it provided the necessary relief. When egg production began to decline in the summer months storage eggs flowed into the market and served to provide larger than normal summer supplies at prices which were below usual short period levels. During the months of July, August and September egg prices in Canada were from 10-13 cents per dozen below prices in the same period of 1949.

In addition, it has already been pointed out that with lower prices, available supplies and high meat prices the domestic market absorbed more eggs. It is estimated that domestic disappearance of eggs in 1950 will total about 340,000,000 dozens compared with 305,000,000 dozens during 1949.

The 1950 chick hatch was reduced 20 percent compared with 1949. This adjustment in future production potential will not be felt in full until the 1951 season.

Thus with increased consumption and a smaller hatch the Canadian poultry industry was adjusting in one season to the loss of substantial export outlets.

The major short term result has, of course, been the successful marketing of the storage eggs without any necessity for government purchase. This was an acknowledged goal of the program and it succeeded completely.

In addition to these immediate and short term results there have been certain features arising from the egg support program which will extend over into 1951 and beyond. The increased consumption of eggs and the ready acceptance of storage eggs by Canadian consumers has demonstrated the capacity of the domestic market if prices are held to reasonable levels.

The adjustment to domestic needs and the reduction in future laying stock in response to smaller markets has curtailed foreign market possibilities for the Canadian poultry industry. Barring an immediate re-entry into the United Kingdom market the Canadian industry is effectively on a domestic basis for at least into 1952. Although it is true that exports to the United States in 1950 increased compared with 1949 this was mostly a result of very heavy movement during the very low prices in the month of January. (Shell egg exports to the United States during January-September 1950 were 2.9 million dozens compared with 1.3 million dozens in 1949.) Local border movements will continue but it is not expected that large exports of eggs will move to the United States in the near future. This is particularly true in light of the recently announced changes in the United States support program for eggs.

The Canadian egg price support program for 1950 has ended and it would appear that the necessary adjustments in the industry have been accomplished. The fear of an egg surplus in Canada has passed away and the industry is on a stabilized basis. It would seem that there will be no need for an egg price support program in Canada during 1951. However, if the need should arise it is likely that a similar program would be re-instituted during the new year.